



# WASHOE COUNTY

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CM/ACM VS  
Finance DU  
DA [Signature]  
Risk Mgt N/A  
HR N/A

## STAFF REPORT

BOARD MEETING DATE: October 14, 2014

**DATE:** September 24, 2014  
**TO:** Board of County Commissioners  
**FROM:** Dave Solaro, Arch., P.E., Director  
Community Services Department, 328-2040, [dsolaro@washoecounty.us](mailto:dsolaro@washoecounty.us)  
**THROUGH:** Kevin Schiller, Assistant County Manager  
**SUBJECT:** Recommendation to approve crediting existing Washoe County water utility customers with deposits on account against their remaining 2014 calendar year water utility bills in the November 2014 billing cycle and suspend the requirement to collect new deposits beginning on October 15, 2014. (All Commission Districts.)

### SUMMARY

The purpose of this report is to support the merger of Community Services' Water Utility (CSWU) with the Truckee Meadows Water Authority (TMWA). The ordinance setting the CSWU rates and charges will soon be repealed and the accounts and records will be closed as part of the merger to be effective on or about December 31, 2014. It will therefore be necessary to allocate, in some form, water utility customer's deposits. Of the options reviewed it is recommended that Board of County Commissioners (Board) approve crediting any CSWU customer deposits against their remaining water utility bills in the November 2014 billing cycle and that the requirement to collect new water utility deposits be suspended beginning on October 15, 2014.

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

On December 9, 2009, the Board entered into an interlocal agreement with the TMWA Board of Directors governing a proposed merger of CSWU.

On August 23, 2011 the Board approved Ordinance 1470 establishing the current schedule of rates and charges for water service.

On March 19, 2014, The Board and the TMWA Board of Directors held a joint meeting and directed staffs from both entities to complete the merger with an anticipated closing date to occur in December 2014.

### BACKGROUND

Article 6.1 of Ordinance 1470 states in part: "The County will require a security deposit in the amount of \$50.00 from all new Customers without an ownership interest in the property being served, from Customers whose accounts are consistently delinquent, and in situations where the County has cause to believe that a deposit is required to insure

payment of bills. At the end of one year of service, if all accounts have been kept current the amount of the deposit, plus interest accrued at the 6 month Treasury Bond rate shall be credited to the next month's bills. Service must be in place for a minimum of six (6) months for any interest to be accrued. Upon discontinuance of service, any deposit held by the County will be applied to the final billing with any remaining deposit amount refunded to the customer."

The merger of the County's water utility is set to close on December 31, 2014, and it is planned that the rates and charges, in addition to the deposit requirement included in Ordinance 1470, will be repealed. In addition, the closing schedule calls for CSWU to bill customers for water consumption that has occurred for all billings through the end of December. Revenue received from that billing is to be used to pay bills of the utility incurred on or before December 31, 2014. Any cash remaining after those revenues and expenditure have been posted will be transferred to TMWA in early 2015.

TMWA, with different operating rules, does not require deposits for new customers. Only customers that become delinquent are required to post a deposit. The CSWU currently has approximately 1,488 customer deposits in accordance with the current ordinance rules. As a part of the process to transfer CSWU customers to TMWA, it has been requested that Washoe County refund the deposits that are currently being held. The CSWU will bill for water utility amounts billed through the end of December 2014; however, if a CSWU customer fails to pay their balance in full by early 2015 that account will be transferred to TMWA as an accounts receivable.

In order to efficiently transition water utility accounts to TMWA and to close the accounts and records of CSWU in a timely manner it is recommended that the Board approve crediting water utility deposits against the remaining water utility bills in the November 2014 billings and that the requirement to collect new water utility deposits be suspended beginning on October 15, 2014. The closing of the accounting records and the transfer of CSWU assets and liabilities are being coordinated with TMWA and included in this processes.

#### **FISCAL IMPACT**

Out of the over 19,000 water utility customer accounts there are approximately 1,488 customer accounts that have a \$50 deposit. If the recommendation to use existing deposits as a credit to the remaining water utility bills is approved, approximately \$74,400 in customer deposits, plus accrued interest, will be used for that purpose.

#### **RECOMMENDATION**

It is recommended that the Board of County Commissioners approve crediting existing Washoe County water utility customers with deposits on account against their remaining 2014 calendar year water utility bills in the November 2014 billing cycle and suspend the requirement to collect new deposits beginning on October 15, 2014.

#### **POSSIBLE MOTION**

If the Board agrees with staff's recommendation a possible motion would be: Move to approve crediting existing Washoe County water utility customers with deposits on account against their remaining 2014 calendar year water utility bills in the November 2014 billing cycle and suspend the requirement to collect new deposits beginning on October 15, 2014.